

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 AF-10 ARA-10 NEA-10
PA-01 SSO-00 NSCE-00 USIE-00 INRE-00 L-03 FRB-03
OMB-01 ITC-01 SP-02 AGRE-00 AID-05 CIAE-00
COME-00 INR-10 IO-13 LAB-04 NSAE-00 OIC-02 SIL-01
STR-07 TRSE-00 CEA-01 SS-15 /130 R

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AID/IIA:CMICHALOPOULOS

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FM SECSTATE WASHDC
TO AMEMBASSY COPENHAGEN IMMEDIATE
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY OTTAWA

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FOR FINANCIAL SECTION (CHARLES MEISSNER)

E.O. 11652: N/A

TAGS: UNCTAD

SUBJECT: DRAFT GROUP B STATEMENT FOR TDB MINISTERIAL

FOR: FINANCIAL SECTION (CHARLES MEISSNER)

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1. AT THE FEBRUARY 24 MEETING OF THE XCSS, MR. VAN GORKOM
DIRECTOR GENERAL FOR INTERNATIONAL COOPERATION FOR THE
NETHERLANDS, AGREED TO PROVIDE MR. COOPER WITH A DRAFT
STATEMENT WHICH COULD BE MADE ON BEHALF OF GROUP B DURING
THE MINISTERIAL. MR. VAN GORKOM'S DRAFT WAS RECEIVED
TODAY. WE BELIEVE IT WAS A GOOD FIRST EFFORT BUT THOUGHT
IT REQUIRED SOME REVISION. PARTICULARLY TO PLACE MORE

CLEARLY EX-POST CORRECTION ON TERMS (EPTC) IN A DEVELOPMENT CONTEXT RATHER THAN AS DEBT RELIEF. THE REVISION HAS BEEN GIVEN TO THE NETHERLANDS EMBASSY IN WASHINGTON. THE TEXT OF OUR REVISED VERSION FOLLOWS:

2. DRAFT PORTION OF GROUP B STATEMENT RELATING TO THE EEC/US PROPOSAL AND THE ISSUE OF EX-POST TERMS CORRECTION:
QUOTE

EEC/US PROPOSAL

1. GROUP BE IS CONVINCED OF NEED FOR FURTHER SUBSTANTIVE PROGRESS IN NORTH/SOUTH DIALOGUE IN WHICH THE DEBT DISCUSSION IS AN IMPORTANT ISSUE.
2. B GROUP MEMBERS WANT TO MAKE A CONSTRUCTIVE EFFORT TO BRING THE MINISTERIAL CONFERENCE TO A SUCCESSFUL CONCLUSION.
3. THE MEMBERS OF THE B-GROUP ARE AND REMAIN CONVINCED THAT THE EEC/US FEATURES PROPOSAL IS A FULL RESPONSE TO THE MANDATE OF CONFERENCE RESOLUTION 94(IV) AND THAT IT CONSTITUTES A CONSTRUCTIVE AND FORTHCOMING APPROACH TO THE CURRENT DEBT SITUATION. IT IS THE CONVICTION OF THE MEMBERS OF THE B-GROUP THAT THE ACCEPTANCE AND IMPLEMENTATION OF THE EEC/US FEATURES PROPOSAL IS OF PRIME IMPORTANCE AND WOULD MAKE A CONSIDERABLE CONTRIBUTION TO THE DEVELOP-

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ING COUNTRIES' DEBT PROBLEMS. BEARING THIS IN MIND, THE EEC AND US TOGETHER HAVE OFFICIALLY TABLED THEIR PROPOSAL DURING THIS MINISTERS' SESSION OF THE TRADE AND DEVELOPMENT BOARD.

EX-POST TERMS CORRECTION

1. B GROUP MEMBERS ARE AWARE OF THE FACT THAT A NUMBER OF DEVELOPING COUNTRIES, IN PARTICULAR THE POOREST, REQUIRE DEVELOPMENT ASSISTANCE ON THE SOFTEST POSSIBLE TERMS.
2. THEY HAVE THEREFORE NOTED WITH INTEREST SUGGESTIONS OF SECRETARY-GENERAL COREA ON AN EX-POST CORRECTION OF TERMS ON OUTSTANDING ODA-DEBTS.
3. B-GROUP HAS STUDIED COREA'S PROPOSAL. WHILE NOT ALL MEMBERS OF THE GROUP ARE IN A POSITION TO COMMIT THEMSELVES TO POLICY MEASURES AMOUNTING TO EX-POST TERMS CORRECTION (EPTC), THEY HAVE AGREED:

A. THE POOREST DEVELOPING COUNTRIES HAVE A SPECIAL NEED FOR RESOURCE TRANSFERS IN APPROPRIATE FORMS AND ON

CONCESSIONAL TERMS;

B. IT IS RECOGNIZED THEREFORE THAT FOR THESE COUNTRIES ADJUSTING THE TERMS OF OUTSTANDING ODA-LOANS TO THE CUSTOMARY SOFTER TERMS OF TODAY WOULD BE A POSITIVE FACTOR IN INCREASING AND IMPROVING THE QUALITY OF ASSISTANCE.

C. IT WOULD BE UP TO EACH CREDITOR COUNTRY TO DECIDE INDIVIDUALLY WHICH COUNTRY HE WOULD WISH TO FAVOR AND TO WHAT EXTENT AND IN WHAT MANNER SUCH EPTC WOULD BE BROUGHT

ABOUT; ALL THIS IN THE EXPECTATION THAT THE DEVELOPMENT EFFORTS OF THE POOREST COUNTRIES WOULD BE ENHANCED BY THE BENEFITS OF SUCH TERMS ADJUSTMENT.

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D. SINCE ANY EPTC WOULD BASICALLY BE A MATTER OF AID POLICY, IT WOULD NECESSARILY HAVE TO BE CARRIED OUT ON A CASE-BY-CASE BASIS, DEPENDING ON THE POSITION OF EACH BENEFITING COUNTRY.

E. YET, IT IS THE GENERAL VIEW OF B-GROUP COUNTRIES THAT EPTC WOULD BENEFIT GREATLY POOREST COUNTRIES. THEREFORE, GROUP B COUNTRIES HAVE AGREED TO STUDY THOROUGHLY AND CONSIDER SERIOUSLY THE POSSIBILITIES OF EPTC.

COMMENTARY

1. THE FIRST ADVANTAGE IS THAT THE EPTC WILL NOT BE APPLIED TO SPECIFIC CATEGORIES OF COUNTRIES BUT ONLY TO THOSE DEVELOPING COUNTRIES WHICH WILL BE SELECTED BY DONOR COUNTRIES THEMSELVES.

2. EACH DONOR COUNTRY CAN DECIDE ON ITS OWN, CASE-BY-CASE, WHICH SPECIFIC DEVELOPING COUNTRIES WILL BENEFIT AND THE DEGREE OF CONCESSIONAL TERMS CORRECTION. THE OBJECTIVE OF EPTC WOULD BE TO IMPROVE THE QUALITY OF ASSISTANCE. THIS SHOULD MAKE THE APPROACH OUTLINED ABOVE ACCEPTABLE TO THE G-77.

3. EACH DONOR COUNTRY WILL ALSO BE LEFT FREE TO DECIDE INDIVIDUALLY IN WHAT (TECHNICAL) MANNER SUCH ACTION (I.E. EPTC) REGARDING OUTSTANDING ODA-LOANS WILL BE BROUGHT ABOUT.

END QUOTE. CHRISTOPHER

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